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February 10, 2017

By ECFS

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **STS Media, Inc. d/b/a FreedomPop Lifeline Broadband Provider
Designation; Oral Ex Parte Presentation; WC Dockets 09-197; 11-42**

Dear Ms. Dortch:

Eric Schimpf of STS Media, Inc. d/b/a FreedomPop (FreedomPop or the Company) and John Heitmann of Kelley Drye & Warren LLP had separate meetings with Claude Aiken, Legal Counsel to Commissioner Clyburn and Ryan Palmer, Chief, Telecommunications Access Policy Division, Wireline Competition Bureau (Bureau) on February 8, 2017; Jay Schwarz, Acting Wireline Advisor to Chairman Pai on February 9, 2017; and Amy Bender, Legal Advisor on Wireline to Commissioner O'Reilly, Brendan Carr, Acting General Counsel, and Sarah Citrin of the Office of General Counsel on February 10, 2017, to discuss a path forward for FreedomPop's entry into the Lifeline program following the Bureau's Order reversing its designation of the Company as a Lifeline Broadband Provider (LBP).¹

¹ See *In the Matter of Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, WC Docket Nos. 11-42, 09-197, Order on Reconsideration, DA 17-128 (rel. Feb. 3, 2017) (Revocation Order).

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We highlighted the fact that FreedomPop is a new economy Internet company that was founded on the belief that “the Internet is a right, not a privilege.” FreedomPop is a disruptive technology company that leverages wireless and Internet technologies to enable a private sector solution to bridge the digital divide with its “freemium” wireless business model. With more than 1.1 million customers in the United States and Europe, FreedomPop is not now and does not intend to be a Lifeline-only company. Today, nearly one in three consumers who want access to FreedomPop’s service cannot get it because they do not have a credit card, cannot afford to purchase a device or both. Because most of these would-be subscribers are Lifeline-eligible, the Lifeline subsidy could serve as the customer’s form of payment. For this market segment, FreedomPop is willing to commit to providing a 4G LTE device at no charge.

We explained that the potential to achieve a uniform nationwide service area footprint via the Federal Communications Commission’s (Commission) streamlined LBP approval process matched well with FreedomPop’s Internet-based means of interacting with consumers regardless of state or urban or rural location. In reliance on this streamlined eligible telecommunications carrier (ETC) designation process, FreedomPop invested more than \$1 million to develop and leverage its Internet capabilities to more effectively identify and qualify Lifeline applicants and protect the Universal Service Fund from waste, fraud and abuse with best-in-class partners and processes. We emphasized that because Lifeline would be an incremental element to the Company’s business, FreedomPop already has built a hyper-compliant platform that minimizes risk by using third-party resources to carefully vet subscriber identity and eligibility documentation, and by avoiding processes and scenarios that introduce uncertainty or the potential for points of failure. For example, FreedomPop explained that it does not intend to utilize the Universal Service Administrative Company’s TPIV and address exceptions processes until they are reviewed and deemed acceptable by the Commission’s new leadership. Nor will the Company accept enrollments based on the presence of a benefit qualifying person in the same household prior to the issuance of additional guidance on that topic. The Company also will not employ a commission-based compensation structure in its Lifeline application review and approval processes.

We further explained that FreedomPop’s entry-level broadband package would offer consumers 500 megabytes (MB) of free data, 200 voice minutes and 500 texts, which retails for \$10.99 but will be free to Lifeline subscribers. FreedomPop will not require a credit card or conduct credit checks, factors that are often barriers confronting Lifeline-eligible consumers. The Lifeline offering will include a Wi-Fi-enabled 4G/LTE capable smartphone or a hotspot device and the Company will also offer subscribers the option to purchase a hotspot-capable smartphone or the ability to bring their own device. FreedomPop’s mobile broadband Lifeline service will offer unique features that provide consumers with an enhanced and secure

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experience including the ability to carryover unused data to the next month; VPN, Data Security and Ad Blocker tools; and Data Saver and Compression which allow users up to 20 percent usage efficiency. Lifeline subscribers will be able to purchase additional units of data at a rate of \$0.02 per MB. In addition, Lifeline subscribers may choose to upgrade and apply a \$10 discount to any plan with a retail price higher than the \$10.99 plan.

We discussed FreedomPop's resolve and commitment to working cooperatively with the Commission and the states to address the challenges faced by low-income Americans on the wrong side of the digital divide. We explained that in order to move forward with providing its innovative service to consumers across the country, FreedomPop needs the Bureau to expeditiously approve its application for the limited purposes of granting Lifeline-only compliance plan status and for designation as a wireless Lifeline-only ETC in each of the twelve states which lack or decline to exercise jurisdiction to designate wireless Lifeline-only ETCs.² With approved compliance plan status, FreedomPop can then seek from state commissions wireless Lifeline only ETC designations. Because its Internet-centric business model is geographically agnostic, FreedomPop will seek as broad a designation area as possible within a reasonable amount of time.³

We concluded by emphasizing FreedomPop's ability to raise the bar for the Lifeline program in terms of disruptive innovation and a compliance platform designed to be conservative to the Universal Service Fund in that it elevates confidence and minimizes risks.

² Separate filing and approval of a compliance plan is unnecessary. *See Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Third Report and Order, Further Report and Order, and Order on Reconsideration, FCC 16-38, n. 739 (rel. Apr. 27, 2016) (Lifeline Modernization Order). FreedomPop intends to amend its application so that it is limited to Alabama, Connecticut, Delaware, the District of Columbia, Florida, Maine, New Hampshire, New York, North Carolina, Tennessee, Texas and Virginia. FreedomPop has not sought designation for Tribal areas in these states.

³ FreedomPop respectfully will seek designation from states that have a track record of, or affirmatively express a willingness to consider, granting ETC designations in a reasonable period of time and without undue delay and legal expense.

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Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically.

Respectfully submitted,



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cc: Claude Aiken
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